

September Quarter 2014 Results



Disclaimer



This presentation contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “potential,” “continue,” “ongoing,” “targets” and similar statements. Among other things, statements that are not historical facts, including statements about Alibaba’s beliefs and expectations, the business outlook and quotations from management in this presentation, as well as Alibaba’s strategic and operational plans, are or contain forward-looking statements. Alibaba may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the “SEC”), in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: Alibaba’s goals and strategies; Alibaba’s future business development; Alibaba’s ability to maintain the trusted status of its ecosystem, reputation and brand; Alibaba’s ability to retain or increase engagement of buyers, sellers and other participants in its ecosystem and enable new offerings; Alibaba’s ability to successfully monetize traffic on its mobile platform; risks associated with limitation or restriction of services provided by Alipay; risks associated with increased investments in Alibaba’s business; risks associated with acquisitions; privacy and regulatory concerns; competition; security breaches; the continued growth of the e-commerce market in China and globally; and fluctuations in general economic and business conditions in China and globally and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in Alibaba’s filings with the SEC. All information provided in this presentation is as of the date of this presentation and are based on assumptions that we believe to be reasonable as of this date, and Alibaba does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

This presentation contains certain financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”), including Non-GAAP EBITDA, Non-GAAP net income and free cash flow. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures, see GAAP to Non-GAAP Reconciliation.

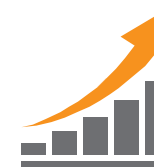
September Quarter 2014 Highlights



49%
YoY GMV
Growth



307MM
Annual
Active Buyers ⁽²⁾



54%
YoY Revenue
Growth



US\$ 95Bn
12-MTH
Mobile GMV ⁽¹⁾⁽²⁾



217MM
Mobile MAUs ⁽³⁾

Note: Unless otherwise indicated, all figures above are for the three months ended September 30, 2014

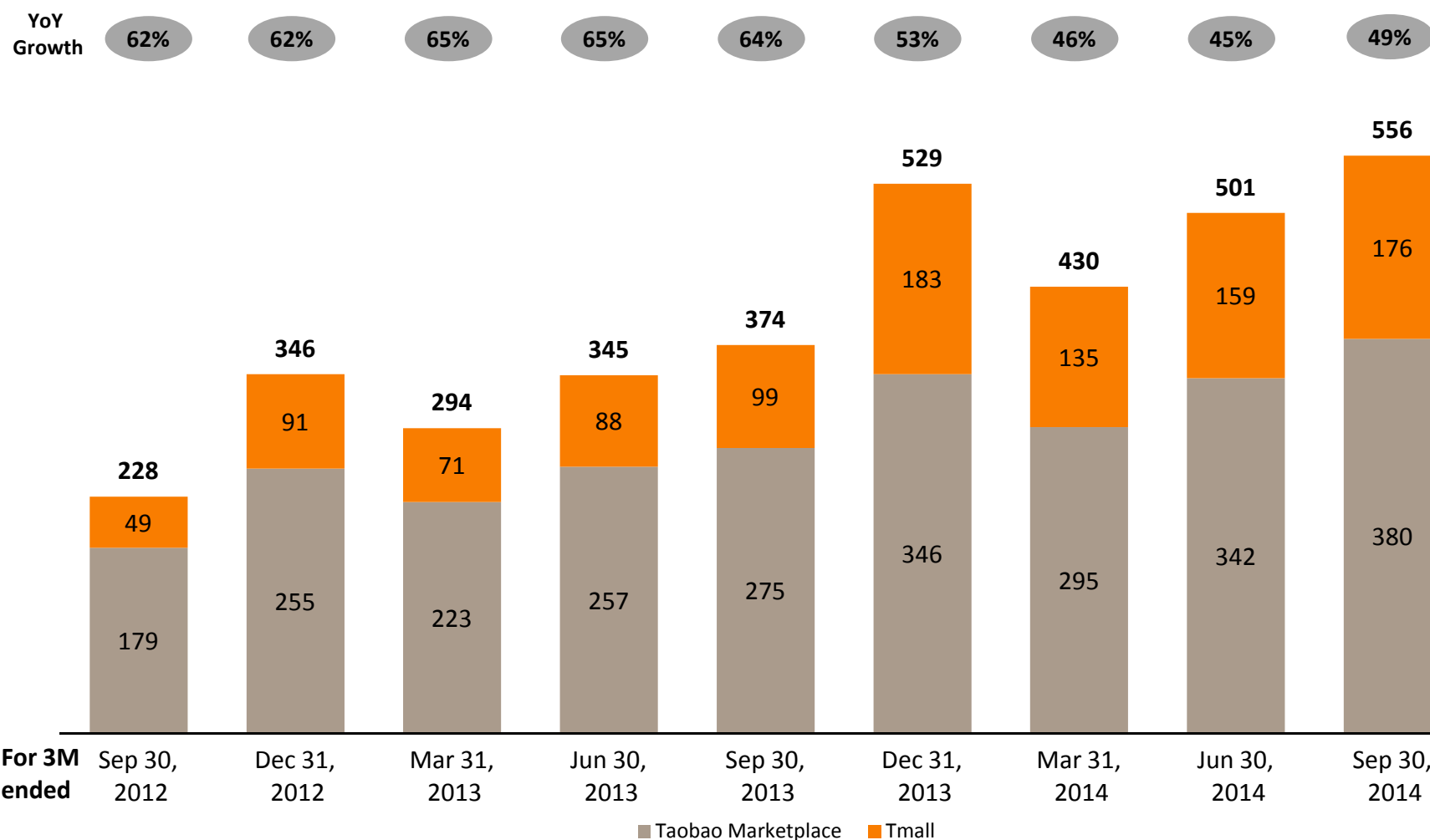
(1) Assumes 1 US\$ = 6.1380 RMB

(2) For the twelve months ended September 30, 2014

(3) For the month ended September 30, 2014. Based on the aggregate mobile MAUs of apps that contribute GMV on our China retail marketplaces

Quarterly GMV (China Retail Marketplaces)

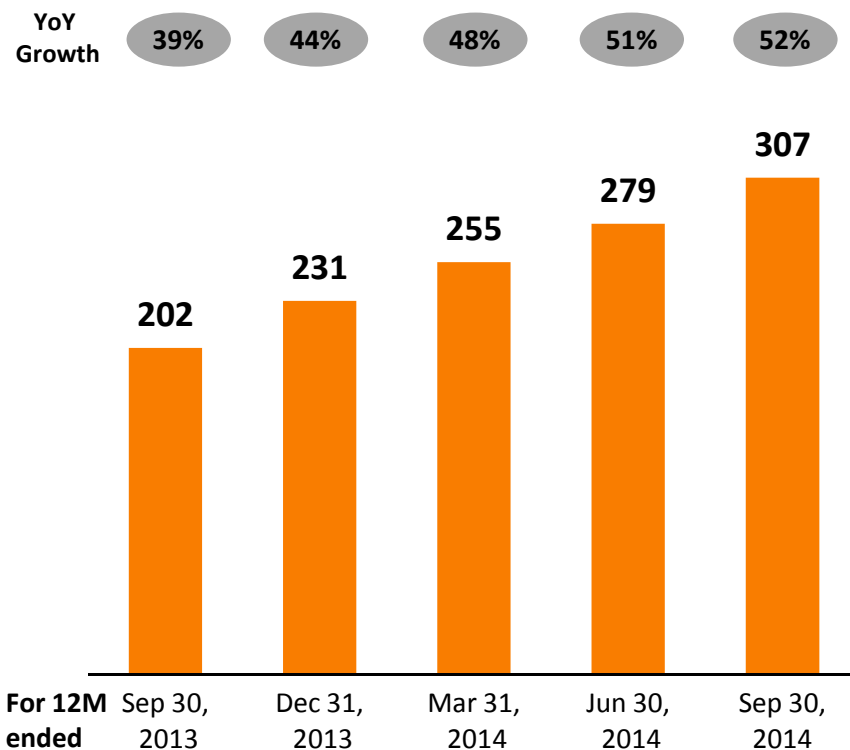
(RMB Bn)



Active Buyers & Mobile MAUs

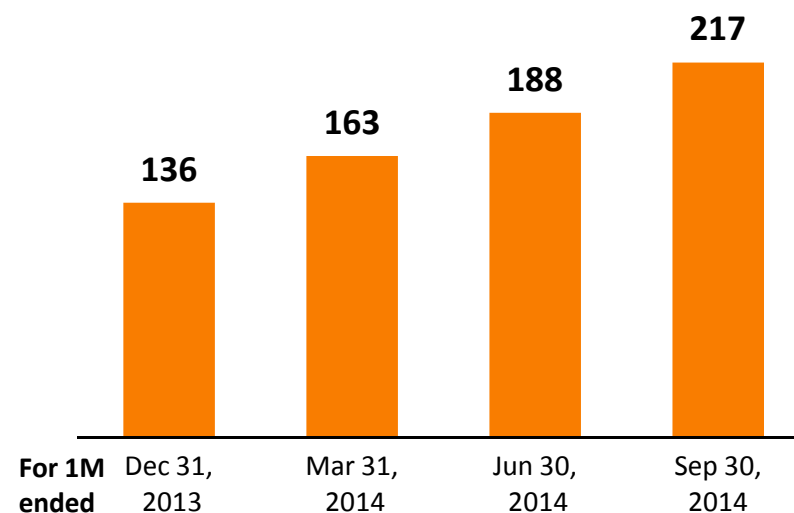
Annual Active Buyers

(In Millions)



Mobile MAUs

(In Millions)

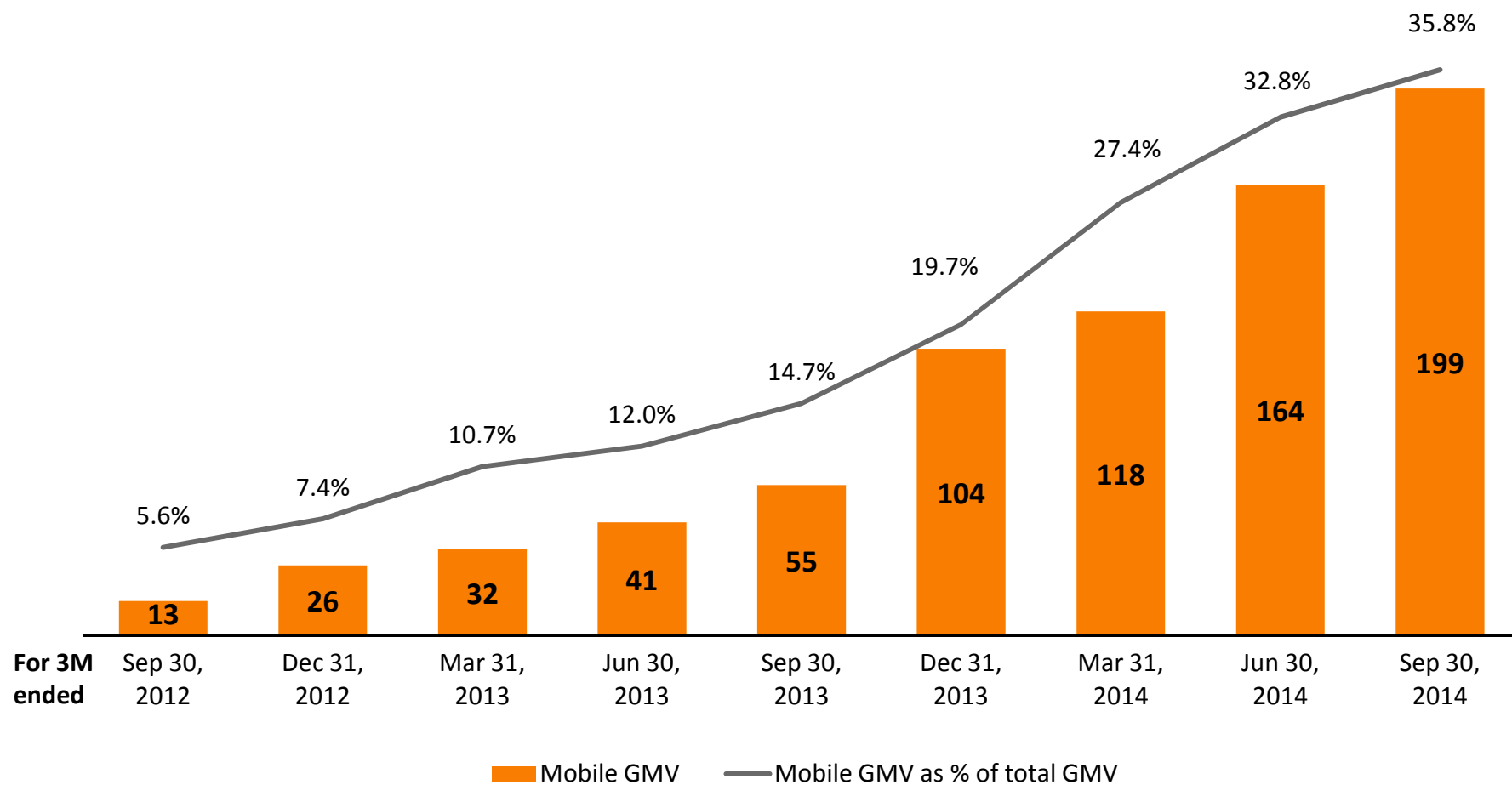


Mobile GMV Contribution

Mobile GMV and Mobile Penetration (China Retail Marketplaces)

(RMB Bn)

(%)

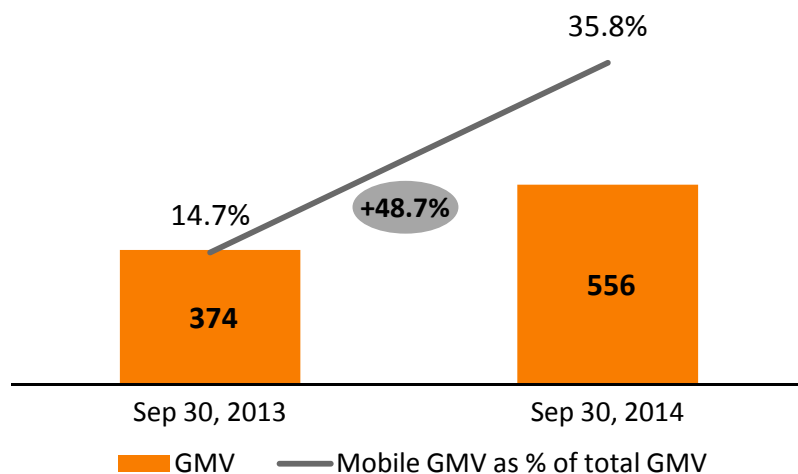


September Quarter 2014 Financial Highlights



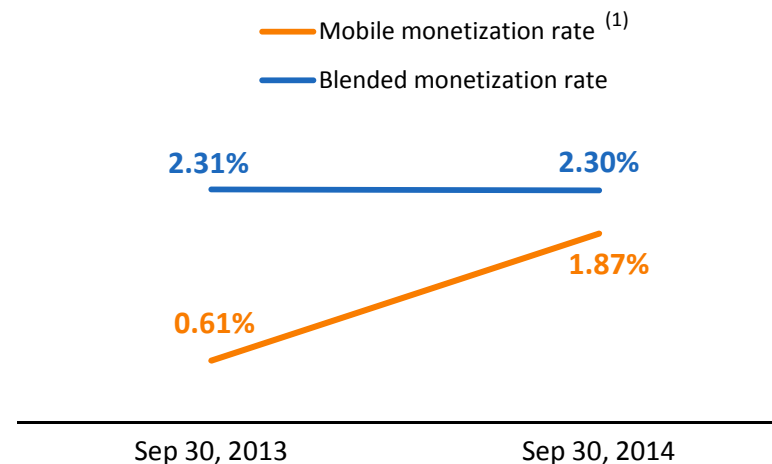
GMV and Mobile Penetration

(RMB Bn)



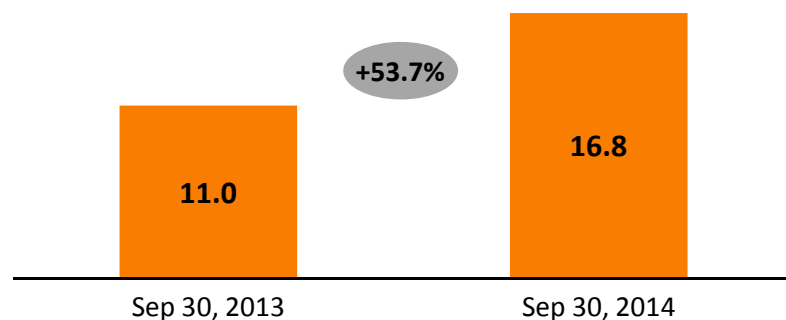
Monetization Rate

(%)



Revenue

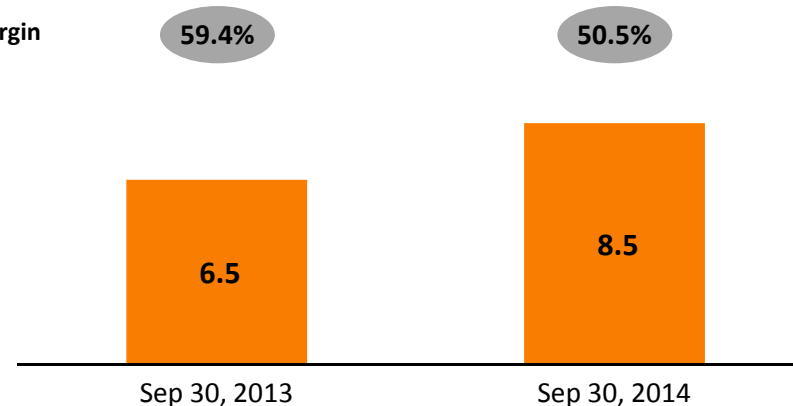
(RMB Bn)



Non-GAAP EBITDA (2) and Margin

(RMB Bn)

Margin



Note: For the three months ended on the respective dates

(1) Derived from China commerce retail mobile revenue / mobile GMV

(2) Non-GAAP EBITDA represents income from operations (which excludes interest and investment income, net, interest expense, other income, net, income tax expenses and share of results of equity investees) before certain non-cash expenses, consisting of share-based compensation expense, amortization, depreciation and impairment of goodwill and intangible assets that Alibaba Group does not believe are reflective of its core operating performance during the periods presented.

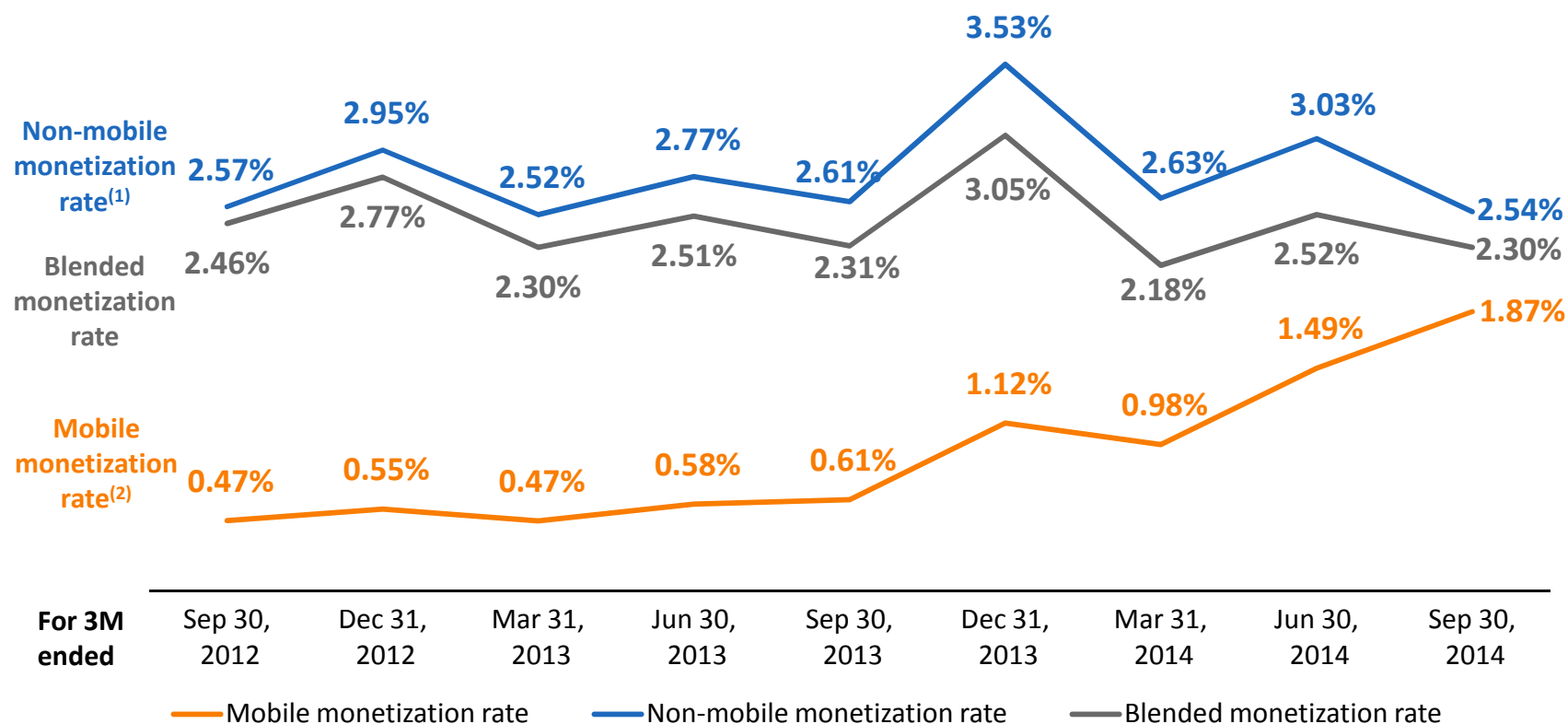
Monetization Rate

We manage the business for growth in GMV and active buyers, not for monetization rate

- Blended monetization rate is at expected level, consistent with prior years
- Blended monetization rate is lower sequentially, due to strong GMV growth on Taobao Marketplace

Quarterly Monetization Rate (China Retail Marketplaces)

(%)



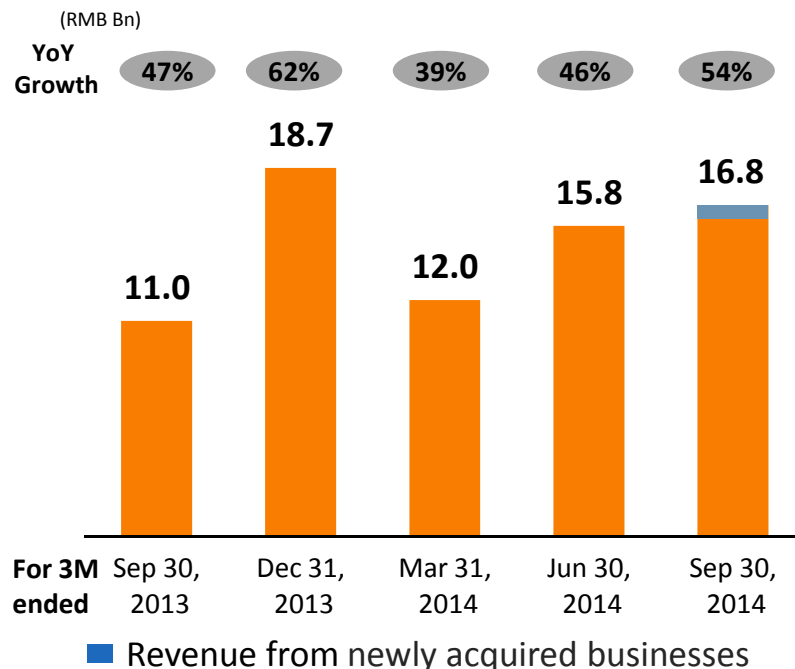
Notes:

(1) Derived from China commerce retail non-mobile revenue / non-mobile GMV

(2) Derived from China commerce retail mobile revenue / mobile GMV

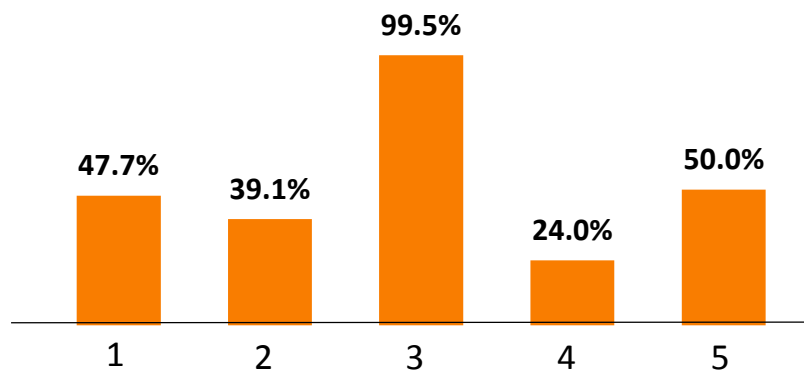
Quarterly Revenue

Total Revenue



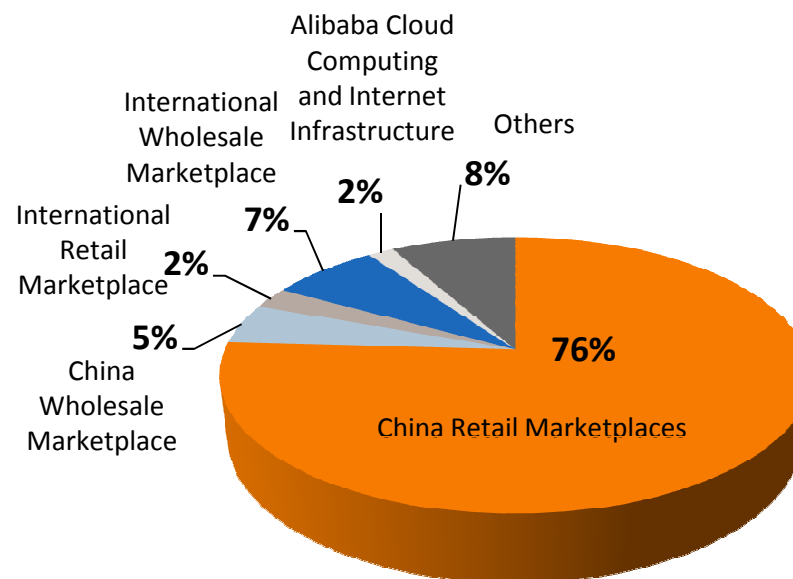
Revenue Growth of Major Businesses

(YoY growth %)



Revenue Breakdown by Business

(% of Total Revenue)



For 3M ended Sep 30, 2014

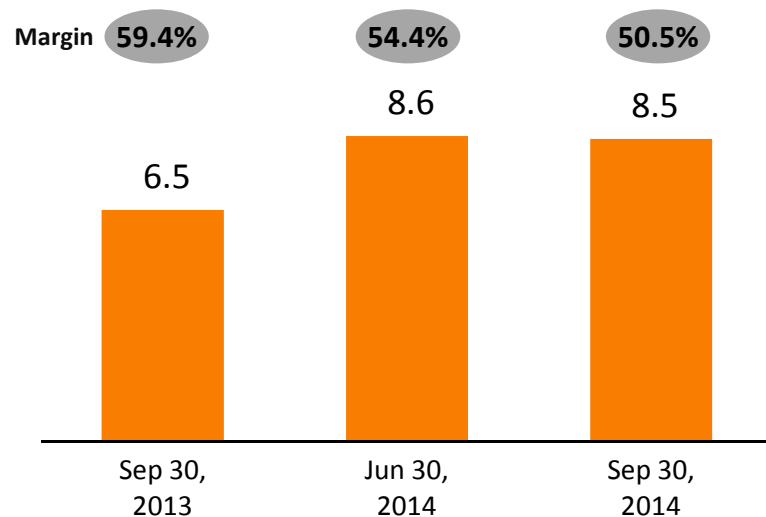
1. China Retail Marketplaces
2. China Wholesale Marketplace
3. International Retail Marketplace
4. International Wholesale Marketplace
5. Alibaba Cloud Computing and Internet Infrastructure

Margin Trends

- We don't manage to a margin target
- Lower adjusted EBITDA margin was attributable to:
 - Consolidation of newly acquired businesses (mainly UC Web, AutoNavi) with lower margins
 - Investments in new initiatives, including our mobile OS, local services and digital entertainment
 - Tactical marketing, largely brand campaigns during the quarter
- We will continue to invest in new and existing businesses to drive long-term growth in GMV, revenue and profit

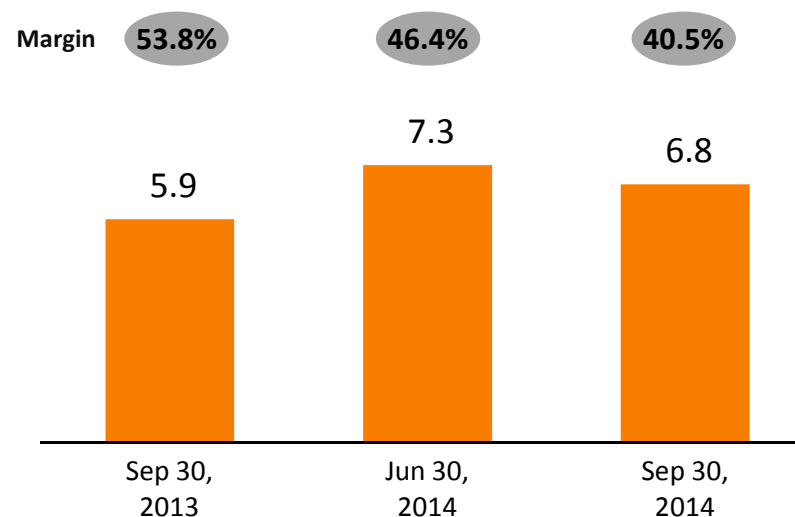
Non-GAAP EBITDA ⁽¹⁾ and Margin

(RMB Bn)



Non-GAAP Net Income ⁽²⁾ and Margin

(RMB Bn)



Note: For the three months ended on the respective dates

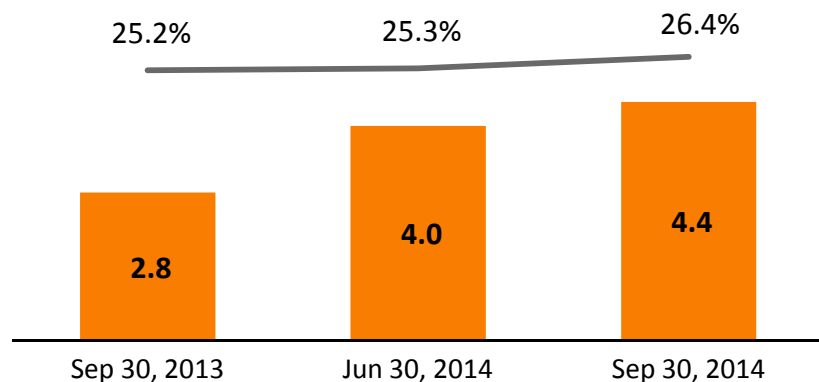
(1) Non-GAAP EBITDA represents income from operations (which excludes interest and investment income, net, interest expense, other income, net, income tax expenses and share of results of equity investees) before certain non-cash expenses, consisting of share-based compensation expense, amortization, depreciation and impairment of goodwill and intangible assets that we do not believe are reflective of its core operating performance during the periods presented.

(2) Non-GAAP net income represents net income before share-based compensation expense, amortization, impairment of goodwill, intangible assets and investments, gain (loss) on deemed disposals/disposals/revaluation of investments, amortization of excess value receivable arising from the restructuring of commercial arrangement with Ant Financial, and a one-time expense item consisting of the expenses relating to the sale of shares by existing shareholders in our initial public offering.

Cost Trends

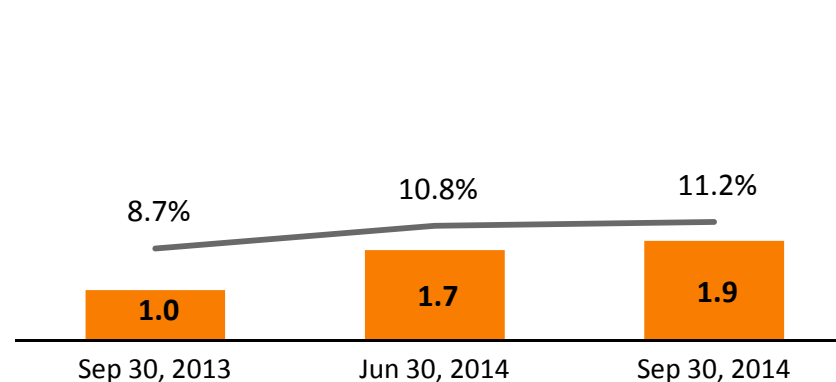
Costs of Revenue (Pre-SBC)

(RMB Bn) (% of revenue)



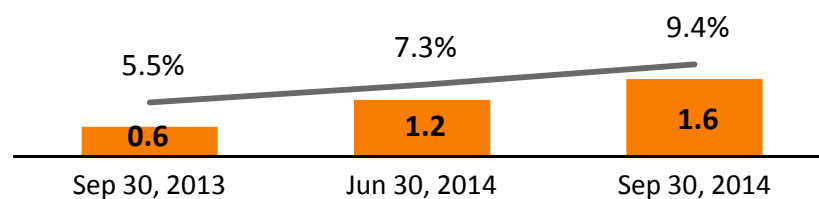
Product Development Expenses (Pre-SBC)

(RMB Bn) (% of revenue)



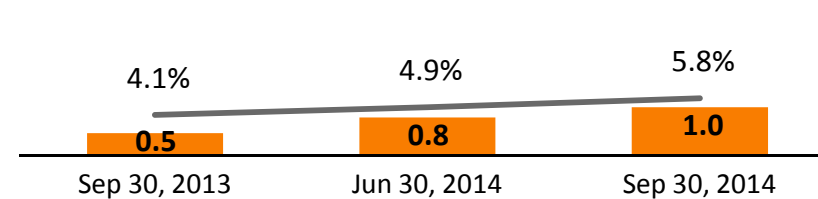
Sales & Marketing Expenses (Pre-SBC)

(RMB Bn) (% of revenue)



General & Administrative Expenses (Pre-SBC)

(RMB Bn) (% of revenue)



Note: For the three months ended on the respective dates

Free Cash Flow, Capital Expenditures and Cash

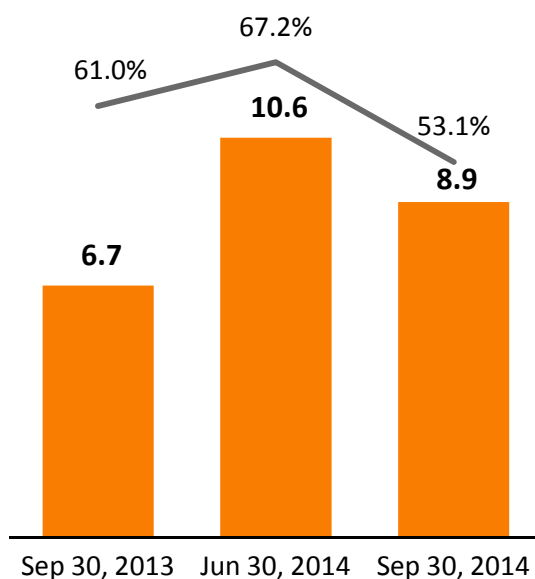


- Our capex increased sequentially mainly due to the purchase of land for office space in Shanghai (RMB1.4B)
- Non-real estate capex increased due to the investment in Alibaba Cloud and our data platform

Free Cash Flow ⁽¹⁾

(RMB Bn)

(% of revenue)

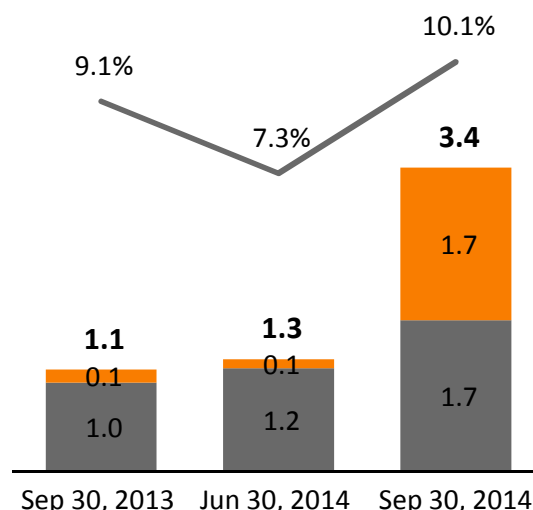


Free Cash Flow

Capital Expenditures

(RMB Bn)

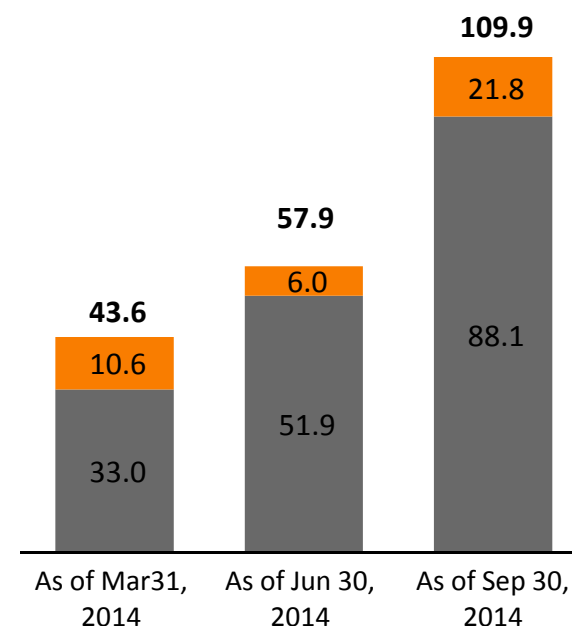
(% of revenue)



- Non-real estate capital expenditures
- Acquisition of land use rights and construction in progress
- Non-real estate capital expenditures

Cash, Cash Equivalents and Short-term Investments

(RMB Bn)



- Cash and cash equivalents
- Short-term investments

Note: Unless otherwise indicated, all figures in the above charts are for the three months ended on the respective dates

(1) Free cash flow represents net cash provided by operating activities as presented in Alibaba Group's consolidated cash flow statement less purchases of property and equipment and intangible assets (excluding acquisition of land use rights and construction in progress) and adjusted for changes in loan receivables relating to micro loans of its SME loan business.

GAAP to Non-GAAP Reconciliation



RMB MM	For the Three Months Ended		
	Sep 30, 2013	Jun 30, 2014	Sep 30, 2014
Non-GAAP EBITDA			
Income from operations	5,248	6,844	4,345
Add: Share based compensation expense	864	1,073	3,010
Add: Amortization of intangible assets	39	234	598
Add: Depreciation and amortization of property and equipment and land use rights	310	423	540
Add: Impairment of goodwill and intangible assets	44	-	-
Non-GAAP EBITDA	6,505	8,574	8,493
Non-GAAP net income			
Net income	4,937	12,438	3,030 *
Add: Share based compensation expense	864	1,073	3,010
Add: Amortization of intangible assets	39	234	598
Add: Impairment of goodwill, intangible assets and investments	53	-	-
Add: Gain on deemed disposals /disposals/revaluation of investments	-	(6,428) **	(60)
Add: Amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial	-	-	35
Add: Expenses relating to the sale of shares by existing shareholders in initial public offering	-	-	195
Non-GAAP net income	5,893	7,317	6,808
Free cash flow			
Net cash provided by operating activities	4,526	10,177	5,865
Less: Purchase of property, equipment and intangible assets (excluding land use rights and construction in progress)	(996)	(1,155)	(1,693)
Add: Changes in loan receivables, net	3,153	1,572	4,766
Free cash flow	6,683	10,594	8,938

Note:

* YoY declined largely driven by the increase of share based compensation

** A one-time deemed disposal gain (associated with the acquisition of UCWeb and OneTouch) in the June quarter



Alibaba Group
阿里巴巴集团

